

REMARKS

Claims

Claims 19 and 22-23 have been amended. Claims 16-18, 20-21, and 24-32 have been canceled. Claims 33-38 have been added as new claims. Support for the new claims and amendments can be found throughout the specification and claims as originally filed. Applicants submit that the pending claims are patentable for the reasons set forth below.

Section 103 Rejections

In the Office Action, claims 16-29 and 31-32 were rejected as being obvious in view of U.S. Patent No. 5,946,667 to Tull, Jr., U.S. patent application Pub. No. 2003/0009406 to Ross, and U.S. patent application Pub. No. 2005/0033674 to Jones. In this amendment, independent claim 33 has been added as a new claim to include the features of now-canceled independent claim 16 and dependent claims 17-18 and 21. In addition, claim 33 more clearly defines the remarketing component of the straight, nonconvertible debt. Independent claim 33 also includes a transaction computer system and one or more data storage media. In addition, claims 19 and 22-23 have been amended in this amendment and claims 33-38 have been added as a new claims. Applicants traverse the rejections as follows.

Applicants submit that the pending claims are not obvious in view of the cited references. Here, independent claim 33 involves the issuance and remarketing of a straight, non-convertible debt security. Claim 33 is not rendered obvious in view of the combination of Tull, Ross, and Jones for at least four reasons:

First, because none of the cited references disclose a straight non-convertible debt security with a remarketing component which includes a remarketing date, none of the cited

references disclose determining a yield “based on a benchmark interest rate in effect at least three months earlier than a current remarketing date,” as recited in claim 33.

None of the cited references disclose issuing a security that is remarketable. Remarketing is a process whereby previously issued securities are redeemed at a certain point after issuance, at which time the previously issued security is remarketed as a new security (which may or may not be remarketable). The Office cites column 3, lines 55-62 and column 4, lines 16-22 of Tull for the remarketing component of claim 33.

Tull does not involve remarketable securities, but rather redeemable securities. Tull recites at column 4, lines 16-19 that “[u]pon maturity, the OPALS is redeemable to the investors, or may be rolled over into a new debt instrument, designed to track the same or a different capital market.” (emphasis added). A redeemable security is a security with a call provision which provides for early retirement of the security. This redemption may be mandatory or may be at the issuer’s option. Upon redemption of the security, the holder of the security is paid a specified price, or call value. On the other hand, a remarketable security is a security where the previously issued security is remarketed as a new security. The remarketable security includes a remarketing component which requires this additional transaction which is not required of a traditional redeemable security. Clearly, Tull does not disclose a remarketable security and none of the other cited references cure this defect of Tull.

Therefore, none of the cited references, either individually or in combination, disclose this feature of claim 33.

Second, in a related manner, because none of the cited references disclose a straight non-convertible debt security with a remarketing component, none of the cited references disclose a current or a subsequent remarketing date. Further, none of the cited references disclose calculating a plug rate that “represents a yield associated with the debt security over time

period,” as recited in claim 33. Therefore, none of the cited references, either individually or in combination, disclose this feature of claim 33.

Third, none of the cited references disclose calculating projected contingent payments as recited in claim 33. This feature previously was in now-canceled claims 17 and 18. In rejecting claims 17 and 18, the Office cited claim 39 of Tull. Claim 39 of Tull recites “calculating the return on the financial investment made by the purchaser of the issued debt instrument; and periodically communicating the calculated return to the purchaser.” Clearly, Tull does not disclose calculating projected contingent payments, because calculating the return, as recited in Tull, is not the same as calculating projected contingent payments. The calculated return of Tull is neither projected or contingent.

The Office Action also cites paragraph [0125] of Ross as disclosing that the projected contingent payments are based on one or more of forward rates and expected values of the contingent payments. This is incorrect because Ross does not disclose projected contingent payments, and certainly does not disclose that the projected contingent payments are based on one or more of forward rates and expected values of the contingent payments. This is clear from an examination of paragraph [0125]:

If the Adjustment is not made because the adjustment does not change the Accreted Conversion Price by more than 1%, then the adjustment that is not made may be carried forward and taken into account in any future adjustment.

Ross does not disclose projected contingent payments

The combination of Tull and Ross, therefore, does not disclose “calculating projected contingent payments for the debt security based on one or more of forward rates and expected values of contingent payments as of the debt security’s issue date,” as recited in claim 33, and Jones does not cure the defects of the combination.

Fourth, the cited prior art does not teach or suggest the step of “calculating adjustments based on differences between the projected contingent payments and actual contingent payments,” as recited in claim 33. This subject matter previously was in now-canceled claim 21. In rejecting claim 21 the Office admits that Tull fails to disclose this feature and cites paragraph [0039] of Ross as disclosing this feature. As discussed above, Ross does not disclose projected contingent payments, therefore it is impossible for Ross to disclose “calculating adjustments based on differences between the projected contingent payments and actual contingent payments,” as recited in claim 33. While, Ross discloses comparing the closing sales price of the common stock to the Accreted Conversion Price, this is not the same as comparing the projected contingent payments to the actual contingent payments.

For at least these reasons, applicants submit that Tull, Ross, and Jones fail to disclose all of the elements of, and therefore does not anticipate, claim 33, as well as dependent claims 19, 22-23, and 33-38.

CONCLUSION

Applicants respectfully submit that all of the claims presented in the present application are in condition for allowance. Applicants’ present Amendment should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to address specifically all such assertions and statements in subsequent responses. Applicants also reserve the right to seek claims of a broader or different scope in a continuation application.

Applicants do not concede the correctness of the Office Action’s rejection with respect to any of the dependent claims discussed above. Accordingly, Applicants hereby reserve the right to make additional arguments as may be necessary to distinguish further the dependent claims

from the cited references, taken alone or in combination, based on additional features contained in the dependent claims that were not discussed above. A detailed discussion of these differences is believed to be unnecessary at this time in view of the basic differences in the independent claims pointed out above.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

Respectfully submitted,

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